

TEACHERS' RETIREMENT BOARD
BUDGETS AND AUDITS COMMITTEE

SUBJECT: Approval of Minutes of September 3, 1998 Meeting

ITEM NUMBER: 2

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: November 5, 1998

INFORMATION: _____

PRESENTER(S): Chairperson

Please see the attached minutes of the September 3, 1998, Budgets and Audits Committee meeting.

PROPOSED
MINUTES OF THE
BUDGETS AND AUDITS COMMITTEE
OF THE
TEACHERS' RETIREMENT BOARD
THURSDAY, SEPTEMBER 3, 1998
THIRD FLOOR, ROBYN D. MILLER BOARD ROOM
7667 FOLSOM BOULEVARD
SACRAMENTO, CALIFORNIA

COMMITTEE MEMBERS PRESENT

George Fenimore, Chairperson
Yvonne Gallegos Bodle
Michael Mayer
Emma Zink
Fred Buenrostro, representing the State Controller, Kathleen Connell
Robin Dezember, representing the Director of Finance, Craig Brown
Wen Chung Hong, representing the State Treasurer, Matt Fong

OTHER BOARD MEMBERS PRESENT

Gary Lynes
Marty Mathiesen

STAFF PRESENT

James D. Mosman, Chief Executive Officer
Christopher Waddell, Chief Counsel
Michael Carter, DCEO, Client Benefits and Services
Elleen Okada, DCEO, Investments
Peggy Plett, DCEO, Administration
Laurence Martin, DCEO, Financial and Information Systems
Ken Costa, Director, START Project
Way Lee, Director, Office of Audits
Fred Snyder, Office of Audits
Karen Jansson, Quality and Training
Mary Miles, Administrative Assistant

OTHERS PRESENT

Arthur Geisler, CTA
Loretta Toggenburger, UTLA
Charles C. Giarratana, CTA
Ellen Logue, CTA-Retired

A quorum being present, Chairperson Fenimore called the meeting to order at 8:02 a.m.

II. **APPROVAL OF MINUTES OF JUNE 4, 1998 MEETING**

MOTION duly made by Ms. Zink, seconded by Mr. Mayer, and carried to approve the Minutes of the June 4, 1998 Budgets and Audits meeting. Ms. Bodle abstained.

III. **ANNOUNCEMENTS**

There were no announcements.

IV. **1999/2000 PROPOSED BUDGET**

Ms. Plett presented the updated proposal with the Budget Change Proposal detail. Ms. Plett explained that the request to increase positions was based on either business growth or increased level of service needs to keep pace with business operations. Also, Ms. Plett stated that \$200,000 had been added to the proposed budget on a contingency basis for the Health Benefit Study in case the System is asked to fund the study with internal resources.

MOTION duly made by Ms. Bodle, seconded by Ms. Zink, and carried to approve the 1999/2000 Proposed budget as presented.

V. **1998/99 AUDIT WORKPLAN**

Mr. Lee presented the annual audit plan for the Committee's approval. Mr. Lee noted a correction on the first page of the report to reflect that 17 of the 18 audits carried over from the 1997/98 work plan will be completed during 1998/99. Discussion ensued regarding the cost savings realized from the audits. Mr. Lee stated that staff will not be taking on new audits until current audits are completed which includes a follow-up process. Mr. Dezember asked staff to look at the audit program's effectiveness and if additional resources were needed. Mr. Mosman stated that staff may need to go to an outside auditor to determine if the current audit program is a viable program. Staff will report back in November with possible approaches to the audit program. Mr. Snyder and Ms. Jansson explained that the Office of Audits was currently reengineering its workload as part of a quality improvement effort. Mr. Buenrostro requested that staff provide an ongoing update on the reengineering process at future Committee meetings.

VI. **1997/98 BUDGET STATUS REPORT**

Ms. Plett presented this item.

VII. **1998/99 BUDGET STATUS REPORT**

Ms. Plett reported that due to the lateness of the budget, staff had no data to report at this time.

VIII. **EXECUTIVE EXPENSE ACCOUNT REPORT**

Ms. Plett presented this item.

BY CONSENSUS, the Committee authorized a \$1,000 augmentation to the Executive Expense Account.

- IX. **AUDIT STATUS REPORT** (this item was taken out of order)
Mr. Lee presented this item. Mr. Buenrostro requested that staff provide feedback on the Department of Finance's audit of the program currently taking place.
- X. **OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC**
There were no statements from the public.
- XI. **ADJOURNMENT**
Chairperson Fenimore adjourned the Committee meeting at 9:07 a.m.

James D. Mosman, Chief Executive Officer
and Secretary to the Teachers' Retirement Board

George Fenimore, Chairperson